

FIDELITY INVESTMENTS
GLOBAL FIXED: LEHMAN AGGREGATE BENCHMARK

FOR THE MONTH OF: **SEPTEMBER** **2008**

MANAGER PERFORMANCE CALCULATIONS

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Fidelity	-2.27%	-2.23%	-0.42%	2.84%	n/a
Lehman Aggregate	-1.34%	-0.49%	3.65%	4.15%	

PERFORMANCE ATTRIBUTION & STRATEGY COMMENTS

A flight to safety due to mounting evidence of an economic downturn drove interest rates sharply lower across the front end of the yield curve in September. Yields on 6 month Treasuries ended the month at 161 bps, down 43 bps, while 2 year Treasuries ended the month at 196 bps, down 41 bps for the month. Spurring the flight to safety was the failure of a major money market fund as well as a run on several other large money market funds. The impact of the credit market turmoil further out on the curve was far more modest. Yields on 10 year Treasuries nudged up by 1 bps to 382 bps, while 30 year rates were 11 bps lower at 431 bps. With no apparent end to the credit squeeze in sight, speculation that the Federal Reserve would again reduce the target federal funds rate intensified at month end.

The ISM Manufacturing Index fell to 43.5 in September, down from the August reading of 49.9 and below the estimated 49.5, as activity fell to a seven-year low. Retail sales surprised on the downside, dropping 0.3%, which was below the expected 0.3% increase. The unemployment rate soared to 6.1%, the highest level since 2003, as employers trimmed jobs for the ninth straight month. The employment report was weak across the board, most notably showing that payroll jobs fell 159,000, which was twice as much as the average of the prior three months. Meanwhile, consumer prices eased slightly as energy prices fell. The CPI declined 0.1%, in line with the decrease expected by economists and below the 0.8% rise in the prior month.

The Lehman Brothers Aggregate Index returned -1.34% in September, while all spread sectors with the exception of MBS underperformed their same-duration Treasuries. The Government's Troubled Asset Relief Program (TARP) was at the center of overall market activity at the end of the month, causing spreads to seesaw daily. Within MBS, the sector benefited from the anticipation of the US government's purchases of agency MBS, in an effort to help stem the decline in home prices by increasing affordability. The Credit sector continued to take a beating as fears grew that even with the TARP program in place, it may not be enough to materially improve credit conditions or lead to stronger growth in near term.

The portfolio underperformed the benchmark for the month. Detracting from relative returns was the portfolio's overweights to CMBS, Credit, and ABS, as well as the allocation to HYCMBS. Adding to relative performance were underweight positions to most of the specific finance issuers that experienced the sharpest declines in September.

ORGANIZATIONAL/PERSONNEL CHANGES

None

ACCOUNT TURNOVER

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				

MANAGER STYLE SUMMARY

Fidelity manages a customized portfolio for PERSI, which falls outside of their traditional Core Plus product. The primary difference is the separate account structure of the 'plus' sectors, which include High Yield, Emerging Market Debt and High Yield Commercial Mortgage Backed Securities. This portfolio is expected to be more volatile than the traditional underlying product due to the tactical and concentrated nature of the 'plus' sectors.

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PORTFOLIO GUIDELINE COMPLIANCE		SEPTEMBER 2008			
Portfolio Guideline:	Leh Aggr	Fidelity	Min	Max	Compliance
B2a. Sector Allocations					
North America					
Governments		17%	0%	100%	ok
MBS & ABS		49%	0%	60%	ok
Investment Grade Corporates		25%	0%	100%	ok
High Yield		0%	0%	40%	ok
High Yield CMBS		4%	0%	20%	ok
Non-US					
Emerging Market Debt		0%	0%	20%	ok
Investment Grade		0%	0%	40%	ok
B2a. Quality Allocations: Below Investment Grade					
U.S.		2%	0%	50%	ok
Non-\$ Denominated		0%	0%	20%	ok
B2b. Portfolio Characteristics					
Effective Duration	4.61	4.38	3.00	7.00	ok
Effective Convexity	-0.45	-0.21	-0.70	0.70	ok
Coupon	5.30	4.61	3.00	9.00	ok
Current Yield	5.27	4.73	3.00	9.00	ok
Yield to Maturity	5.24	7.01	3.00	9.00	ok
Number of holdings			150	400	
B2c. Credit Quality: Issues below Baa3 & BBB-/A2 and P2					
		2%	0%	50%	ok
B2d. Derivatives:					
Original futures margin & option premiums		0%	0%	5%	ok
Short options positions hedged w/cash, cash equiv, current holdings or other positions					ok
B2e. Commodities:					
		0%	0%	5%	ok
B3a. Allocation to securities of any corporate issuer					
		1%	0%	5%	ok
B3b. Foreign currency forward contracts					
i. Sector allocations above apply to currency exposure					ok
ii. Aggregate forward exposure w/any single counterpart		0%	0%	25%	ok
v. Max value of forward w/any single counterparty		0%	0%	30%	ok
E2. Annual Turnover (including mortgage rolls)					
		150%	150%	450%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines				<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

MANAGER EXPLANATIONS FOR DEVIATIONS FROM PORTFOLIO GUIDELINES

There were no deviations.